



# **DHCD Multifamily Housing Financing Tools**

## **Baltimore County Affordable Housing Breakfast Conference**

**June 17, 2014**

**Martin O'Malley**  
GOVERNOR

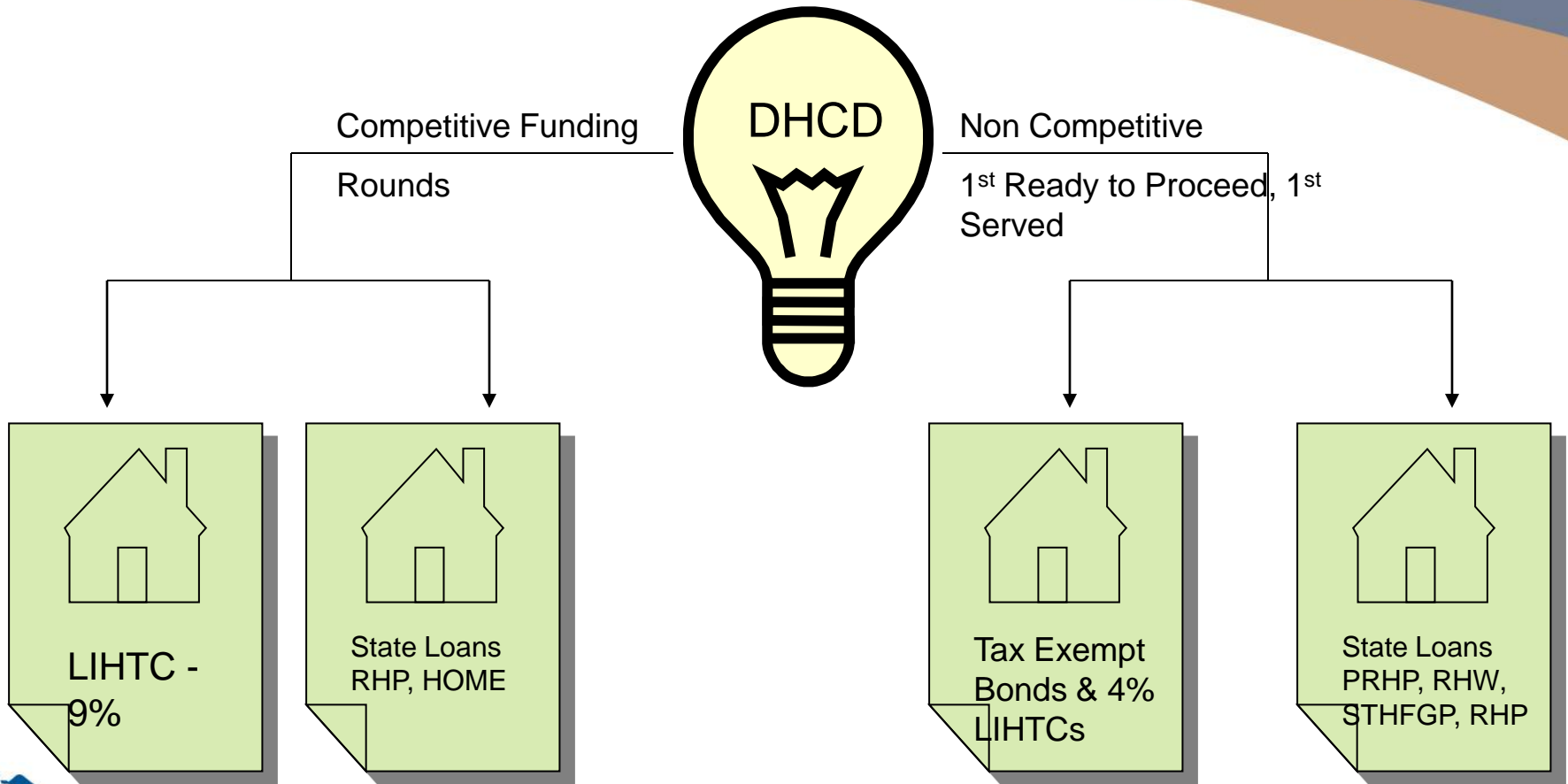
**Anthony G. Brown**  
LT. GOVERNOR

**Raymond A. Skinner**  
SECRETARY

**Clarence J. Snuggs**  
DEPUTY SECRETARY



# DHCD – Housing Finance Agency



**Average Production (2003-2013): 2,790 Units (per year) Statewide**

- Rehabilitation and New Construction
- Elderly and Family Housing

# DHCD Resources

- Low Income Housing Tax Credits – (~\$14M CY 2015)
- Rental Housing Funds (RHF) – (~\$20 million)
  - ❑ Rental Housing Program (RHP) – *see HB 453 of 2014*
    - *New program combining old RHPP, ERHP, MHRP- MF*
  - ❑ Federal HOME Program (HOME)
- Multifamily Bond Program – plentiful resource
- Rental Housing Works (RHW) – (FY 13-15 \$62.2 million)
  - ❑ Gap financing that must be used with DHCD tax-exempt bond financing.
- Partnership Rental Housing Program (PRHP) – (\$6 million)
  - ❑ Local government involvement required unless units restricted for occupancy for household with disability
  - ❑ Units must be targeted at 50% **statewide** median or lower
- Shelter and Transitional Housing Facilities Grant Program (\$1.5 million)
  - ❑ Grants for nonprofits
  - ❑ Requires 50% match of non-DHCD funds



# DHCD Loan Funds – Preservation focused

- **MD-BRAC Preservation Loan Fund**

- \$~8 M Loan Fund
- Short-term (24-36 months) loans for
  - Fast track acquisition
  - Loan loss reserves
  - Other atypical DHCD lending options

- **Energy funding**

- MEEHA-EmPOWER (\$12.5 M)

- ❑ Status: Open – December 2014
    - ❑ Source: Utility Rate-payer funds
    - ❑ Funding Type: Loans and Grants
    - ❑ Eligibility: All units must be individually metered
    - ❑ What it covers: Electric measures that are proven cost effective (BGE Territory can also cover gas measures)

- Customer Investment Fund (CIF) (\$9M total; \$7.4M for improvements)

- ❑ Status: Open
    - ❑ Source: Constellation/Exelon Merger Funds
    - ❑ Funding Type: Loans and Grants
    - ❑ Geographical Area: BGE Territory
    - ❑ What it covers: Cost effective energy efficient measures and Building Operator training



# 2014 Competition and revised QAP & Guide

## September 9, 2014 Competition for LIHTCs and RHF's

- ☐ Governed by **2014** QAP and Guide

- ☐ Incorporates changes made by HB 453
- ☐ Draft 2014 QAP and Guide is currently posted to DHCD website for public comment
- ☐ Public Hearing occurred June 5, 2014
- ☐ DHCD is reviewing comments
- ☐ Early July 2014 – executed by Governor and posted to DHCD website

- ☐ **Pre-Information Session – July 15, 2014 10 am – 12 pm DHCD Main Conference Room, 100 Community Place, Crownsville, MD 21032.**

- ☐ discuss resources available for the Round,
- ☐ explain changes to the QAP and Guide or process,
  - ☐ Any changes to the construction cost limits listed in Section 5.4.3 of the Guide will be announced at this session.
- ☐ provide additional information about how State Bonus Points will be utilized in the Round, and
- ☐ provide an opportunity for questions and answers.

# DHCD MFH Project Priorities

- Fundamentally sound real estate deal\*
- Solid market for proposed units\*
- Experienced development team\*
- Advances Maryland's Housing Priorities, including\*:
  - Creating Family Housing in Communities of Opportunity
  - Supporting Community Revitalization and Investment, including TODs, Sustainable Communities, and Public Housing
  - Integrating Permanent Supportive Housing Opportunities (25% max)
  - Preserving Existing Affordable Housing
- Leveraging of non-State resources\*

**\* For details see The MFH Program Finance Guide, "The Guide."**

# DHCD's Financing Process

## ➤ **Predevelopment**

- Meet with DHCD to describe your project and receive staff input
- Apply for financing that best suits project
- Financing can be competitive (RHF, 9% Credits)
- Financing can be non-competitive (Bonds, RHW, PRHP)

## ➤ **Development**

- Receive a reservation of funds from DHCD
- Submit additional documentation through Submission Kit Process
- Close on your loan(s) and tax credits

## ➤ **Construction**

- Work with the DHCD construction inspector and finance team

## ➤ **Occupancy and Operations**

- Asset Management
- Compliance monitoring
- Loan servicing



# Tips for a Good Financing Application

- ☐ **Anticipate, Anticipate, Anticipate**
- ☐ **Up-front Coordination: Meet/Talk with DHCD Staff Early (and Often)**
- ☐ **Income Eligibility of Existing Tenants in Preservation Deals**
- ☐ **New Borrowers: Think About Partnerships**
- ☐ **Reality Check: Readiness to Proceed**
- ☐ **Reaching out to local officials and communities.**
- ☐ **Avoid “Deal Chasing” – Just Because a Deal Can Be Done, Doesn’t Mean it Should Be Done**
- ☐ **Make Certain Applications are complete and thorough**



# The End Result:



**Wheaton Metro**  
**Montgomery County**  
**9% Credits / PRHP Loan**

**Terrapin Grove Senior Apartments**  
**Grasonville, Queen Anne's County**  
**PRHP Loan**



# **The End Result:**



**Mountain Village West  
Garrett County  
9% Tax Credits / RHPP Loan**

**Gateway Crossing  
Washington County  
9% Tax Credits / RHPP Loan**



# **The End Result:**



**Orchard Ridge Redevelopment**

**Baltimore City**

**9% Tax Credits / State Loans**

**Ellicott Gardens**

**Howard County**

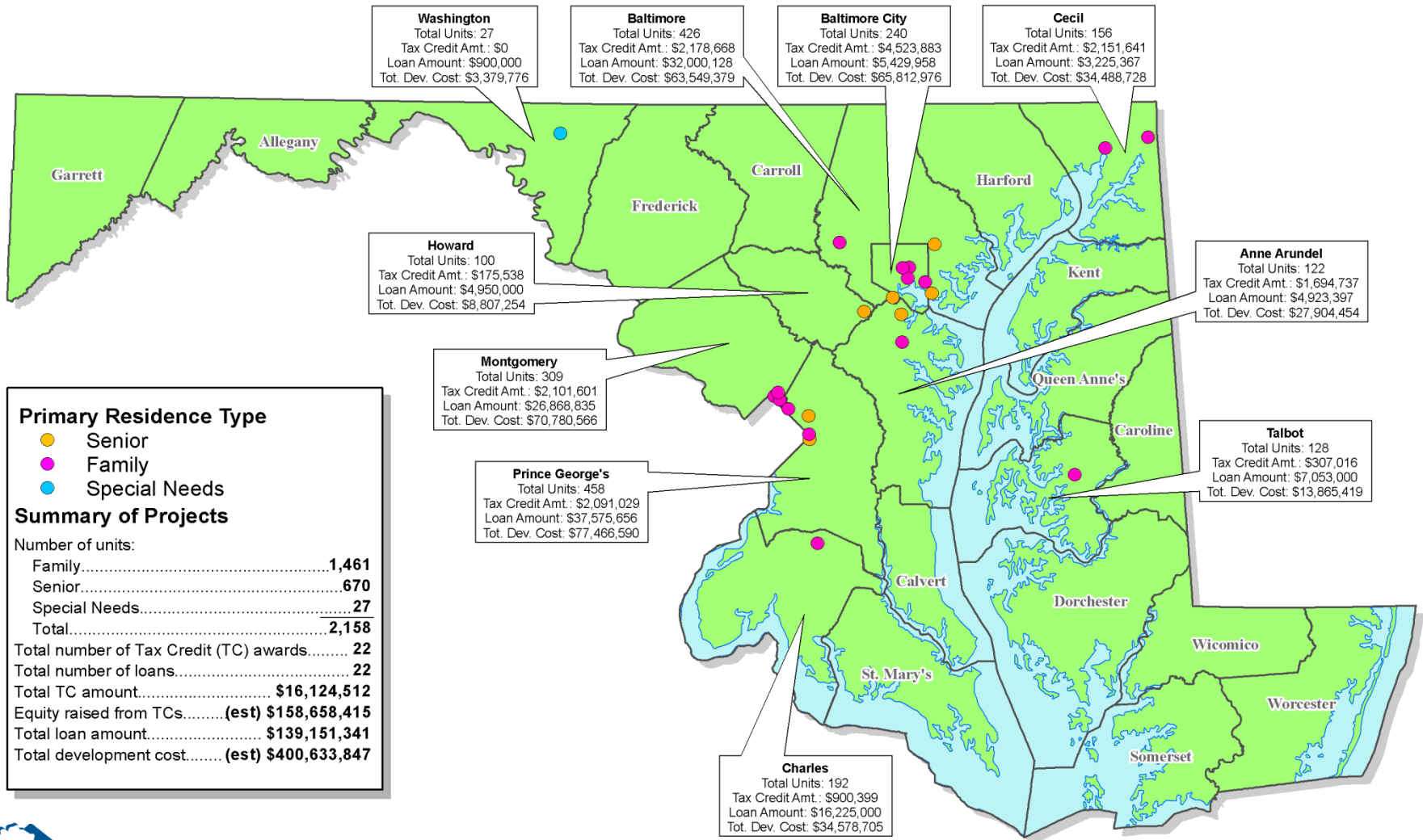
**9% Tax Credits/ ERHP Loan**





# Community Development Administration: Multi-Family Projects

## Reserved and Closed Projects by County: FY 2013



# Maryland DHCD Multifamily Housing

Questions?

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